

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BLUE SKY SEWER)
SERVICE COMPANY FOR AN ADJUSTMENT)
OF RATES PURSUANT TO THE ALTERNATIVE) CASE NO. 96-167
RATE FILING PROCEDURE FOR SMALL)
UTILITIES)

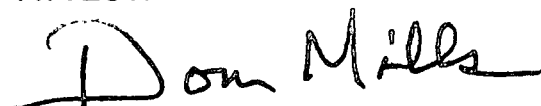
O R D E R

On April 30, 1996, Blue Sky Sewer Service Company, Inc. ("Blue Sky") filed its application for Commission approval of proposed sewer rates. Commission Staff, having performed a limited financial review of Blue Sky's operations, has prepared the attached Staff Report containing Staff's findings and recommendations regarding the proposed rates. All parties should review the report carefully and provide any written comments or requests for a hearing or informal conference no later than 15 days from the date of this Order.

IT IS THEREFORE ORDERED that all parties shall have no more than 15 days from the date of this Order, or 90 days after the date the application was filed, whichever is later, to provide written comments regarding the attached Staff Report or requests for a hearing or informal conference. If no request for a hearing or informal conference is received, this case will be submitted to the Commission for a decision.

Done at Frankfort, Kentucky, this 1st day of August, 1996.

ATTEST:


Executive Director

PUBLIC SERVICE COMMISSION


For the Commission

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BLUE SKY SEWER)	
SERVICE COMPANY, INC. FOR A RATE)	
ADJUSTMENT PURSUANT TO THE)	CASE NO. 96-167
ALTERNATIVE RATE FILING PROCEDURE)	
FOR SMALL UTILITIES)	

STAFF REPORT

Prepared By: Carl Salyer Combs
Public Utility Financial
Analyst, Senior
Water and Sewer Revenue
Requirements Branch
Financial Analysis Division

Prepared By: Sam Reid
Public Utility Rate
Analyst
Communications, Water and
Sewer Rate Design Branch
Rates and Research Division

STAFF REPORT

ON

CASE NO. 96-167

A. Preface

On April 30, 1996, Blue Sky Sewer Service Company, Inc. ("Blue Sky") filed an application with the Commission seeking to increase its sewer rates pursuant to the Alternative Rate Filing Procedure for Small Utilities. The proposed rates would generate approximately \$91,956 annually in additional revenues, an increase of 217.5 percent over normalized test-year revenues of \$42,270.

In order to evaluate the requested increase, the Commission Staff ("Staff") chose to perform a limited financial review of Blue Sky's operations for the test period, calendar year 1994. Since Blue Sky requested and received Staff assistance in preparing this application, the field review was done prior to the filing of the application. Carl Salyer Combs conducted the review on October 5 and 12, 1995, at Blue Sky's office in Lexington, Kentucky. Mr. Combs is responsible for this Staff Report except for the sections on operating revenues and rate design which were prepared by Sam Reid of the Commission's Division of Rates and Research.

During the course of the review, Blue Sky was informed that all proposed adjustments to test-year expenses must be supported by some form of documentation, such as an invoice, or that all such adjustments must be known and measurable. Based upon the findings of this report, Staff recommends that Blue Sky be authorized to increase its annual operating revenues by \$91,956.

Scope

The scope of the review was limited to obtaining information to determine whether reported test-period operating revenues and expenses were representative of normal operations. Insignificant or immaterial discrepancies were not pursued and are not addressed herein.

B. Analysis of Operating Revenues and Expenses

Operating Revenues

Blue Sky's 1994 annual report filed with the Commission listed operating revenue in the amount of \$63,830. The test year billing analysis performed by Staff showed revenue in the amount of \$42,270. Blue Sky informed Staff that during the test year it collected \$15,466 on a past due account and received approximately \$7,000 in connection charges. Staff has not included these amounts in operating revenue since the \$15,466 is nonrecurring income and the \$7,000 in connection charges should be classified as contributions in aid of construction. For the purpose of this report test year operating revenue shall be considered to be \$42,270.

Operating Expenses

Blue Sky incurred, and the Staff-assisted application included, test-period operating expenses of \$82,782. Blue Sky proposed to increase that amount by \$35,337. Blue Sky's proposed adjustments and Staff's recommendations are discussed in the following sections:

Management Fee

Blue Sky reported a test-year management fee of \$5,000. However, of that amount, \$2,500 should have been classified under administrative and general salaries because it represents the annual salary of the secretary whose duties include fielding customer complaints, billing and collecting sewer service fees, bookkeeping, making bank deposits, etc.

Blue Sky proposed to increase the remaining management fee of \$2,500 by \$1,100. Staff is of the opinion that the proposed adjustment is reasonable in this instance and has, therefore, included an annual management fee of \$3,600 for rate-making purposes.

Electric Expense

Blue Sky reported test-year electric expense of \$5,512. During the review, Staff found test-period invoices totaling \$5,783 from Kentucky Utilities for electric expense. Therefore, Staff recommends that annual electric expense of \$5,783 be included for rate-making purposes.

Chemicals Expense

Blue Sky proposed to increase reported test-year chemicals expense of \$2,332 by \$1,268 to reflect the cost of increased chemicals usage associated with dechlorination equipment needed to comply with requirements of the Division of Water ("DOW") of the Kentucky Natural Resources and Environmental Protection Cabinet. Larry Updike of the Commission's Engineering Division is of the opinion that the proposed adjustment is reasonable, and Staff recommends that annual chemicals expense of \$3,600 be included for rate-making purposes.

Routine Maintenance Fee

Blue Sky proposed to increase reported test-year routine maintenance expense of \$12,600 by \$8,400 based upon the requirement to have a certified operator at the plant five days per week as compared to three days per week during the test year and additional inspection work related to a pretreatment program¹ required by DOW.

According to Blue Sky, the requirement to have a certified operator five days per week is also a DOW requirement. Mr. Updike is of the opinion that the proposed adjustment is reasonable, and Staff recommends that an annual routine maintenance fee of \$21,000 be included for rate-making purposes.

Maintenance of Treatment and Disposal Plant

Blue Sky proposed to increase reported test-year maintenance of treatment and disposal plant expense of \$28,026 by \$13,974 based upon additional expense related to the aforementioned pretreatment program required by DOW. Mr. Updike reviewed the costs associated with the requirement and is of the opinion that the proposed adjustment is reasonable. Therefore, Staff recommends that annual maintenance of treatment and disposal plant expense of \$42,000 be included for rate-making purposes.

¹ According to Blue Sky's engineer, T.M. Regan, Inc., which provides environmental engineering services, Blue Sky and DOW have entered into an Agreed Order. Blue Sky must comply with the provisions of said Agreed Order to be in compliance with DOW regulations. Essentially, Blue Sky's treatment system was designed to handle only domestic or "rest room wastes" and not industrial waste. However, Blue Sky has several customers that are dischargers of industrial waste which necessitates development and implementation of the pretreatment program.

Administrative and General Salaries

Blue Sky reported no test-year administrative and general salaries. However, as mentioned previously in the management fee section, the \$2,500 annual salary for Blue Sky's secretary should have been included in this account. Therefore, Staff recommends inclusion of annual administrative and general salaries of \$2,500 for rate-making purposes.

Outside Services Expense

Blue Sky reported test-year outside services expense of \$1,057. However, Staff's review of test-year invoices found support for only \$657. Therefore, Staff recommends inclusion of annual outside services expense of \$657 for rate-making purposes.

Insurance Expense

Blue Sky reported no test-year insurance expense. During the course of the field review, Staff determined that test-year insurance expense should have been \$161. Therefore, Staff recommends inclusion of annual insurance expense of \$161 for rate-making purposes.

Depreciation Expense

Blue Sky reported test-year depreciation expense of \$20,860 and proposed an increase of \$6,627 based upon the need to purchase new equipment required by DOW. Mr. Updike concurs with Blue Sky's assertion that the other items of equipment are needed. Blue Sky provided copies of related cost estimates for the equipment. Those items, along with associated costs, estimated useful lives (on the advice of Bob Arnett of the Commission's Engineering Division), and resulting annual depreciation expense are listed as follows:

<u>Item of Equipment</u>	<u>Equip. Cost</u>	<u>Est. Life</u>	<u>Dep. Exp.</u>
Flow Meter	\$ 10,850	10 years	\$ 1,085
Dechlorination Equip.	7,725	5 years	1,545
Chlorination Equip.	3,925	5 years	785
Chlor./Dechlor. Bldg.	13,450	20 years	673
Yard Piping	3,800	20 years	190
Grit Chamber (excluding comminutor)	8,468	20 years	423
Comminutor	9,632	5 years	1,926
			<u>\$ 6,627</u>

Therefore, Staff recommends that the adjusted annual depreciation expense of \$27,487 be included for rate-making purposes.

Amortization Expense

Blue Sky reported no test-year amortization expense, but proposed to recover the cost of an access road to the chlorination/dechlorination building, lagoon repairs, lagoon dewatering and cleaning, and development and implementation of the aforementioned pretreatment program required by DOW. Mr. Updike is of the opinion that the proposed improvements are necessary. Blue Sky provided related cost estimates of those items to be amortized. Those items, along with associated costs, appropriate amortization periods and resulting annual amortization expense are listed as follows:

<u>Item</u>	<u>Cost</u>	<u>Amort. Period</u>	<u>Amort. Exp.</u>
Access Road	\$1,800	3 years	\$ 600
Lagoon Repairs	7,200	25 years	288
Lagoon Dewatering	3,400	25 years	136
Lagoon Cleaning	47,800	25 years	1,912
Pre-Treatment Program	25,000	25 years	1,000
			<u>\$ 3,936</u>

Therefore, Staff recommends that annual amortization expense of \$3,936 be included for rate-making purposes.

Operations Summary

Based on the recommendations of Staff contained in this report, Blue Sky's operating statement would appear as follows:

	<u>Test Period Application</u>	<u>Recommended Adjustments</u>	<u>Test Year Adjusted</u>
OPERATING REVENUES:	\$ 63,830	\$ (21,560)	\$ 42,270
OPERATING EXPENSES:			
Mgmt. Fee	\$ 5,000	\$ (1,400)	\$ 3,600
Sludge Hauling	4,190	- 0-	4,190
Electric Power	5,512	271	5,783
Chemicals	2,332	1,268	3,600
Routine Maint.	12,600	8,400	21,000
Maint. of Plant	28,026	13,974	42,000
Admin. Salaries	-0-	2,500	2,500
Office Supplies	2,107	-0-	2,107
Outside Services	1,057	(400)	657
Insurance	-0-	161	161
Depreciation	20,860	6,627	27,487
Amortization	-0-	3,936	3,936
Taxes Other Than Income Taxes	<u>1,098</u>	<u>-0-</u>	<u>1,098</u>
Total Operating Exp.	<u>\$ 82,782</u>	<u>\$ 35,337</u>	<u>\$118,119</u>
OPERATING INCOME:	<u>\$(18,952)</u>	<u>\$(56,897)</u>	<u>\$ 75,849</u>

C. Revenue Requirements Determination

The approach used by the Commission to determine revenue requirements for small, privately-owned utilities is the calculation of an operating ratio.² This approach is used

² Operating Ratio = Operating Expense/Operating Revenue

primarily when there is no basis for a rate-of-return determination or when the cost of the utility plant has been recovered fully, or largely, through the receipt of contributions, either in the form of grants or donated property. As Blue Sky fits this description, Staff recommends use of an operating ratio for determining revenue requirements in this case. The ratio generally used by the Commission in order to provide for equity growth is 88 percent. In this instance, use of an 88 percent operating ratio applied to the adjusted test-year operating expense results in a total revenue requirement of \$134,226 and increased revenues of \$91,956.³

D. Rate Design

Blue Sky uses a residential equivalent method to determine its monthly rate. Sewer rates are generally based on the amount of plant capacity allocated to each customer classification. This allocation determines whether the sewer plant is operating at full capacity. Since a treatment plant which is operating at full capacity cannot add new customers, the allocation of plant capacity ultimately affects operating revenues and rates.

In allocating plant capacity, the Commission follows generally accepted wastewater usage criteria. Residential customers are allocated 400 gallons per day or 12,000 gallons per month. The rates of commercial customers and other large users are based on a residential equivalent. For example, a commercial customer who used 26,000 gallons

³ \$118,119/.88 = \$134,226

Revenue Requirement	\$ 134,226
Less: Adjusted Test-Year Operating Revs.	(42,270)
Amount of Increase Required	<u>\$ 91,956</u>

would be billed at a rate of 2.17 times the residential rate. Blue Sky has only one classification of customers, commercial. Staff agrees that the residential equivalent method results in a more equitable distribution of cost.

Blue Sky serves commercial buildings that contain multiple users. During the test year some of the commercial buildings were billed for the number of units in the building regardless of occupancy, while in other commercial buildings the individual unit was billed and vacant units were not billed. During the field review the utility informed staff that sometimes individual units that were believed to be vacant were in fact occupied and therefore, did not receive a bill. Staff believes that this is an inconsistent billing practice and results in an inequitable treatment of customers. Furthermore, the residential equivalent method allocates cost on the basis of plant capacity. A vacant unit has plant capacity allocated for it. For these reasons staff included all units in calculating rates. The calculations establishing the residential equivalent for Blue Sky's customers and monthly bills are set out in Attachment 1. The residential equivalent should be recalculated, at a minimum, on an annual basis. The rates contained in Attachment 2 will achieve Staff's recommended level of revenue.

E. Signatures

Carl Salyer Combs

Prepared By: Carl Salyer Combs
Public Utility Financial
Analyst, Senior
Water and Sewer Revenue
Requirements Branch
Financial Analysis Division

Sam Reid

Prepared By: Sam Reid
Public Utility Rate Analyst
Communications, Water and
Sewer Rate Design Branch
Rates and Research Division

ATTACHMENT 1

TO THE STAFF REPORT IN CASE NO. 96-167

REVENUE REQUIRMENT	\$134,226.00
DIVIDE BY 12 MONTHS	<u>/ 12</u>
MONTHLY REV. REQ.	\$11,185.50
MONTHLY REV. REQ.	\$1,185.50
DIVIDE BY MTHLY. RES. EQ.	<u>/ 195.6</u>
MONTHLY RATE	\$57.19

**BLUE SKY SEWER SERVICE CO. INC.
USAGE FROM KY. AM. WATER CO.
1994 TEST YEAR**

<u>CUSTOMER</u>	<u>ANNUAL USAGE</u>		<u>ANNUAL RES. EQ.</u>	<u>MONTHLY RES. EQ.</u>	<u>PROPOSED RATE \$57.19</u>	<u>CURRENT RATE</u>	<u>PERCENT INCREASE</u>
ADESA AUCTIONS 644	533,324	/12,000	44.4	3.7	211.60	\$59.66	254.7%
ADESA AUCTIONS 672	327,624	/12,000	27.3	2.3	131.54	30.00	338.5%
ADESA AUCTIONS 696	86,020	/12,000	7.2	1.0	57.19	15.00	281.3%
ATHENA MARBLE	29,172	/12,000	2.4	1.0	57.19	15.00	281.3%
ECKERT FIRE PROT.	0	/12,000	0.0	1.0	57.19	15.00	281.3%
BLEVINS MOBILE HOME 541	41,888	/12,000	3.5	1.0	57.19	15.00	281.3%
BLEVINS MOBILE HOME 503	0	/12,000	0.0	1.0	57.19	15.00	281.3%
S.J.S. INC.	6,732	/12,000	0.6	4.0	228.76	60.00	281.3%
BODE FINN CO.	112,200	/12,000	9.4	1.0	57.19	15.00	281.3%
BOTTORFF CONTRACTING	11,220	/12,000	0.9	1.0	57.19	15.00	281.3%
BFI	342,584	/12,000	28.5	2.4	137.26	26.79	412.3%
RANDALL BULLOCK	5,236	/12,000	0.4	1.0	57.19	15.00	281.3%
MIRACLES I-75 CHEVRON	409,156	/12,000	34.1	2.8	160.13	15.00	967.5%
WITT COLDIRON & SONS	24,684	/12,000	2.1	1.0	57.19	15.00	281.3%
CONSUMER SATELLITE SYS.	68,816	/12,000	5.7	1.0	57.19	15.00	281.3%
MIKE CRAVENS							
THERMOCON OF LEX.	13,464	/12,000	1.1	1.0	57.19	9.00	535.4%
APPL MINING & ENG.	2,992	/12,000	0.2	1.0	57.19	9.00	535.4%
VACANT	0	/12,000	0.0	1.0	57.19		
VACANT	0	/12,000	0.0	1.0	57.19		
VACANT	0	/12,000	0.0	1.0	57.19		
VACANT	0	/12,000	0.0	1.0	57.19		
CRUTCHER BROS.PARTS	51,612	/12,000	4.3	1.0	57.19	15.00	281.3%
R.R. DAWSON BRIDGE	13,464	/12,000	1.1	1.0	57.19	15.00	281.3%
DITCH WITCH	36,652	/12,000	3.1	1.0	57.19	15.00	281.3%
EAGLE ROOFING & SHEET	0	/12,000	0.0	1.0	57.19	15.00	281.3%
EUBANK & STEELE CONST.	42,636	/12,000	3.6	1.0	57.19	50.00	14.4%
FERAIN INC.	11,968	/12,000	1.0	1.0	57.19	15.00	281.3%
ROBERT ORDERS JR.(E.H.STR	81,532	/12,000	6.8	1.0	57.19	15.00	281.3%
E.H.STRAUS BLDG.							
LOWELL BERRYMAN	7,480	/12,000	0.6	1.0	57.19	9.00	535.4%
BLUEGRASS INT.IMP.	1,496	/12,000	0.1	1.0	57.19	9.00	535.4%
FAYETTE ELEC. SERV.	8,976	/12,000	0.7	1.0	57.19	9.00	535.4%
VACANT	0	/12,000	0.0	1.0	57.19		
CAPITAL ELEC.	2,992	/12,000	0.2	1.0	57.19	9.00	535.4%
BELT CONST.&REPAIR	1,496	/12,000	0.1	1.0	57.19	9.00	535.4%
VACANT	0	/12,000	0.0	1.0	57.19		
VACANT	0	/12,000	0.0	1.0	57.19		
FLEET LIQUID.	0	/12,000	0.0	1.0	57.19	15.00	281.3%

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PROPOSED

<u>CUSTOMER</u>	<u>ANNUAL USAGE</u>		<u>ANNUAL RES. EQ.</u>	<u>MONTHLY RES. EQ.</u>	<u>RATE \$57.19</u>	<u>CURRENT RATE</u>	<u>PERCENT INCREASE</u>
ROBERT & CATHERINE HAYS	59,092	/12,000	4.9	1.0	57.19	15.00	281.3%
HOLIDAY INN SOUTH	1,697,960	/12,000	141.5	11.8	674.84	822.43	-17.9%
GEORGE HOPPER	0	/12,000	0.0	1.0	57.19	15.00	281.3%
INTEGRATED SIGN	61,336	/12,000	5.1	1.0	57.19	15.00	281.3%
K.A.S.P.	199,716	/12,000	16.6	1.4	80.07	15.00	433.8%
KY. ENGINE SERV.	47,124	/12,000	3.9	1.0	57.19	15.00	281.3%
LEX. AUTO SPRING. CO.	103,972	/12,000	8.7	1.0	57.19	15.00	281.3%
LEX. DIESEL INJECTION	141,372	/12,000	11.8	1.0	57.19	15.00	281.3%
MARSHALL MILLER & ASSOC.	94,996	/12,000	7.9	1.0	57.19	15.00	281.3%
MORNING STAR AVIATION	45,628	/12,000	3.8	1.0	57.19	15.00	281.3%
OVERNITE TRANS.	1,820,632	/12,000	151.7	12.6	720.59	339.15	112.5%
PEARCE-PHILLIPS ROOFING	24,684	/12,000	2.1	1.0	57.19	15.00	281.3%
JACK PENNINGTON 616	748	/12,000	0.1	1.0	57.19	15.00	281.3%
J.P. 620 (HAYDEN HAROLD)	32,912	/12,000	2.7	1.0	57.19	15.00	281.3%
QUALITY INSULATION	371,756	/12,000	31.0	2.6	148.69	15.00	891.3%
DAYS INN	1,498,992	/12,000	124.9	10.4	594.78	266.00	123.6%
DAVID REED	63,580	/12,000	5.3	1.0	57.19	15.00	281.3%
ECONOLOGGE	2,644,928	/12,000	220.4	18.4	1052.30	404.25	160.3%
SUNSET MGT/PURE GOLD	1,531,904	/12,000	127.7	10.6	606.21	190.00	219.1%
P&r ROOFING & SHEET 390(L.S	67,320	/12,000	5.6	1.0	57.19	15.00	281.3%
P&r ROOFING & SHEET 400	90,508	/12,000	7.5	1.0	57.19	15.00	281.3%
BILL ROUSE							
CREATIVE SYS.	20,196	/12,000	1.7	1.0	57.19	9.00	535.4%
DIAGNOSTIC RAD SYS.	9,724	/12,000	0.8	1.0	57.19	9.00	535.4%
PERKINS SCALES	14,960	/12,000	1.2	1.0	57.19	9.00	535.4%
CLAYTON HELEN	0	/12,000	0.0	1.0	57.19	9.00	535.4%
CABLE INT. SYS.	6,732	/12,000	0.6	1.0	57.19	9.00	535.4%
NEW LIFE CARPET	45,628	/12,000	3.8	1.0	57.19	9.00	535.4%
ST.MECH	0	/12,000	0.0	1.0	57.19	9.00	535.4%
ST.MECH	0	/12,000	0.0	1.0	57.19	9.00	535.4%
VACANT	0	/12,000	0.0	1.0	57.19		
SAFETY KLEEN CORP.	112,200	/12,000	9.4	1.0	57.19	15.00	281.3%
SCAN PAC MFG.	674,696	/12,000	56.2	4.7	268.79	98.32	173.4%
SCOTLAND INC.	44,132	/12,000	3.7	1.0	57.19	15.00	281.3%
QUADRA WAREHOUSE	21,692	/12,000	1.8	1.0	57.19	15.00	281.3%
LED FORD SEBASTIAN TRUCK.	106,964	/12,000	8.9	1.0	57.19	15.00	281.3%
SENNINGER PLUMBING	472,736	/12,000	39.4	3.3	188.73	15.00	1158.2%
SHELY CONST.	354,552	/12,000	29.5	2.5	142.98	15.00	853.2%
SKILTON PAVING	211,684	/12,000	17.6	1.5	85.79	38.50	122.8%
TAPER ROLLER BEARINGS 646	26,928	/12,000	2.2	1.0	57.19	15.00	281.3%
T.R.B.340 (M&S MACH.)	14,960	/12,000	1.2	1.0	57.19	15.00	281.3%
T.R.B.624 NICHOLSON TOOL &	120,428	/12,000	10.0	1.0	57.19	15.00	281.3%
TAPER ROLLER BEARINGS 632	0	/12,000	0.0	1.0	57.19	15.00	281.3%
TEAMSTERS LOCAL #651	99,484	/12,000	8.3	1.0	57.19	15.00	281.3%
TEE ENGINEERING	67,320	/12,000	5.6	1.0	57.19	15.00	281.3%
UNITED BLDG.SYS.	99,484	/12,000	8.3	1.0	57.19	15.00	281.3%

ATTACHMENT 1

TO THE STAFF REPORT IN CASE NO. 96-167

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<u>CUSTOMER</u>	<u>ANNUAL USAGE</u>		<u>ANNUAL RES. EQ.</u>	<u>MONTHLY RES. EQ.</u>	<u>PROPOSED RATE \$57.19</u>	<u>CURRENT RATE</u>	<u>PERCENT INCREASE</u>
G.F. VAUGHN TOBACCO							
J.W.F. FOOD	5,984	/12,000	0.5	1.0	57.19	9.00	535.4%
LAWRENCE BRIAN	45,628	/12,000	3.8	1.0	57.19	9.00	535.4%
VACANT	0	/12,000	0.0	1.0	57.19	9.00	535.4%
VACANT	0	/12,000	0.0	1.0	57.19	9.00	535.4%
VACANT	0	/12,000	0.0	1.0	57.19	9.00	535.4%
VACANT	0	/12,000	0.0	1.0	57.19	9.00	535.4%
VACANT	0	/12,000	0.0	1.0	57.19	9.00	535.4%
VACANT	0	/12,000	0.0	1.0	57.19	9.00	535.4%
VERTNER SMITH	52,360	/12,000	4.4	1.0	57.19	15.00	281.3%
TODDS RD. DEVELOP. CO.371							
QUALITY CUSTOM TOPS	29,920	/12,000	2.5	1.0	57.19		
QUALITY CUSTOM TOPS	5,984	/12,000	0.5	1.0	57.19	9.00	535.4%
AMERICAN INTERN'L SALE	3,740	/12,000	0.3	1.0	57.19	9.00	535.4%
L G D ENTERPRISES	20,944	/12,000	1.7	1.0	57.19		
DOBSON WHOLESALE	11,968	/12,000	1.0	1.0	57.19		
GEERS PRINTING	0	/12,000	0.0	1.0	57.19	9.00	535.4%
GEERS PRINTING	53,856	/12,000	4.5	1.0	57.19	9.00	535.4%
PROF.CARPET	0	/12,000	0.0	1.0	57.19	9.00	535.4%
VACANT	0	/12,000	0.0	1.0	57.19		
VACANT	0	/12,000	0.0	1.0	57.19		
VACANT	0	/12,000	0.0	1.0	57.19		
TODDS RD. DEVELOP. CO.381							
DAVIS GREG	20,196	/12,000	1.7	1.0	57.19		
HUMANA HOSP.LEX.	8,228	/12,000	0.7	1.0	57.19		
GARLAND MELISSA	21,692	/12,000	1.8	1.0	57.19		
WILDCAT SATELLITE	0	/12,000	0.0	1.0	57.19	9.00	535.4%
SUPERIOR CARPET	0	/12,000	0.0	1.0	57.19	9.00	535.4%
SUPERIOR CARPET	0	/12,000	0.0	1.0	57.19	9.00	535.4%
COMPETITION CYCLE	0	/12,000		1.0	57.19	9.00	535.4%
COMPETITION CYCLE	0	/12,000		1.0	57.19	9.00	535.4%
VACANT	0	/12,000	0.0	1.0	57.19		
VACANT	0	/12,000	0.0	1.0	57.19		
VACANT	0	/12,000	0.0	1.0	57.19		
WAFFLE HOUSE	336,600	/12,000	28.1	2.3	131.54	57.38	129.2%
YATES PIPELINE CONT.	192,236	/12,000	16.0	1.3	74.35	15.00	395.6%
TOTAL	16,208,412		1,350.7	195.6	\$11,186.36		

ATTACHMENT 2
TO THE STAFF REPORT IN CASE NO. 96-167

COMMERCIAL CUSTOMERS

\$57.19 Per Residential Equivalent*

- * Commercial customers are billed at the residential rate for each residential equivalent, or 12,000 gallons. For example, a commercial customer who used 26,000 gallons would be billed at a rate of 2.17 times the residential rate.